

Speaker Clark, Oscar Underwood and others whose names had been dragged in with having any connection with him. He disclaimed having any influence with them or ever having represented that he had such influence.

Lauterbach Makes Denial.

He denied all knowledge of the identity of the man who palmed himself off as Representative Palmer over the telephone and said that he had gone to see Mr. Ledyard at the latter's suggestion and not as the result of any outside appointment.

Representative Palmer was the second witness of the evening. Before he went on the stand Representative Rorion had appeared and testified that he had no knowledge of the conversations which Judge Lovett had detailed last night as having taken place over the telephone with a man who purported to be the Tammany Congressman.

Palmer's Call on Telephone.

"I have seen in today's papers," said Representative Palmer, "the statement made before your committee last night by Judge Lovett in which he referred to the fact that members of Congress had been impersonated in telephone conversations with himself and with other men in New York city.

"In view of the turn which your investigation has taken by reason of Judge Lovett's testimony, I felt it my duty to acquaint you with an experience of my own.

"Early in February last, while I was at my home in Pennsylvania, I was called to the telephone to answer what my clerk said was a call from New York. When I reached the telephone a voice at the other end said:

"This is Mr. Ledyard."

"I said, 'Who?'"

"He said, 'Mr. Ledyard.'"

"I told him, 'Spell it.'"

"He spelled his name and said he was Lewis Cass Ledyard, an added, 'You ought to know, for you have been talking with me over the telephone.'"

"I said, 'You are very much mistaken, Mr. Ledyard. So far as I know, I have never spoken to you in my life. I have never seen you; I have never spoken to you, directly or over the telephone, or had any communication with you. You will have to explain yourself a little further.'"

Discovery of a Conspiracy.

"He then went on to say that if that was true, there was a strange and remarkable conspiracy about in which my name had been used.

"He said that he had been called on the telephone a short time before that, and that he had been told by a man who, after some hesitation about giving his name, saying that he was a Representative in Congress, finally said he was Representative Palmer of Pennsylvania. This person told Mr. Ledyard that he was in a position by reason of his membership in the House and his relation with prominent members of the House to be of service to the committee on the Ledyard represented. He went so far as to say that he thought the money trust investigation report could be controlled, that various investigations then proceeding, both in Congress and in the courts, affecting large financial interests in New York city, could be satisfactorily adjusted and promising most amazing results of his efforts here in Washington.

"I cannot undertake to give you all the details of the conversation, but it is sufficient to say that Mr. Ledyard detailed that conversation to me, and during the next two or three days he had perhaps a half dozen other telephone conversations with the same person in which this person went into even greater detail about how and why he was in a position to grant legislative favors.

Ledyard Replies to Palmer.

"After each of these telephone conversations that Mr. Ledyard had with this person over the wire in New York Mr. Ledyard called me on the telephone and repeated them to me for the double purpose of having evidence at hand that it was an impersonation and that I was actually at the time in New York, and also to acquaint me with the proceedings, thinking that perhaps as a member of the House I ought to know about it."

Mr. Palmer was showing considerable feeling in his testimony and the members of the committee by this time were straining to catch every word. Lauterbach was sitting by listening intently.

"These various telephone conferences between Mr. Ledyard and this man," continued the witness, "finally went so far that Mr. Ledyard endeavored to get a personal interview with the man. He fought shy of that, saying, as I recollect it, that no good would be accomplished from a personal interview with him, but promised to see him later, and even went so far as to declare, as a circumstantial evidence of the truth and sincerity of his statement, that in the next day or so he was obliged to be in Bethlehem, which is in my district, so that he would not meet Mr. Ledyard at an hour that Mr. Ledyard suggested for a conference.

Gets Trace of Mysterious Man.

"Mr. Ledyard, through the telephone company and I think through various other agencies, made an earnest effort to locate the person who talked with him over the telephone. The best he could do was to trace the telephone call, and he traced them to a place which satisfied him as to who the person was.

"I should like to suggest right here that if the committee wants to go into that further it seems to me that Mr. Ledyard should be called. I will leave it for him to say what he found out as to who this person was.

"I know Mr. Ledyard told me who he thought it was, based upon the information that he had obtained, but as even he was not certain about it, I would prefer not to say who it was."

"The committee will go into executive session for a moment," said the chairman. Five minutes later Chairman Rorion announced:

"The committee understands, Mr. Palmer, that you have no reason to know of your own knowledge, except by what Mr. Ledyard stated to you, who it was that talked with him over the phone; therefore, as the committee expect to subpoena Mr. Ledyard, we would rather get it from him at first hand than to get it from you. Therefore, we need not state who he said the person was."

"I should prefer to have it that way, Mr. Chairman, because in making this purely voluntary statement I would not like to involve any person unless I knew from my own knowledge that his name ought to be brought into it," said Mr. Palmer. "If the committee will call Mr. Ledyard there will be no difficulty in getting all the information which he has."

"Of course all the information I have in what I get from him, and no other source."

"I want to add this further statement," continued Mr. Palmer. "These conversations that I had with Mr. Ledyard extended over periods of four or five days."

"As I said before, after each conver-

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Low fares daily June 1st to September 30th. "Little Journeys in Colorado" and "Under the Turquoise Sky" are two books which make the way clear. Let me send them to you. K. E. Palmer, Gen'l Eastern Agent, 138 Broadway, New York, N. Y.

sation with the person who represented himself to be Mr. Palmer, Mr. Ledyard repeated to me everything that had occurred in the conversation. I felt that the committee should know this, that the statements of this person who declared that he was Representative Palmer finally led when Mr. Ledyard was unable to secure a personal interview with him, to a proposition that Mr. Ledyard should meet a gentleman who could verify everything that he, the alleged Mr. Palmer, was saying about his ability and the ability of various other persons to control these legislative matters.

"He declared that he would name a person in whom Mr. Ledyard would have confidence and to whom he could talk freely and who would be able to produce evidence that he and this alleged Representative Palmer would be able to do what they said. Those statements finally led to Mr. Ledyard's making an appointment to meet the gentleman whom this person named, and at the hour of the appointment there appeared at Mr. Ledyard's house Edward Lauterbach, a member of the bar of New York city, as I understand.

"Mr. Ledyard and Mr. Lauterbach had a long conversation about this matter. Mr. Lauterbach taking it up apparently from the thread which had been laid down by the pseudo Palmer over the telephone and, according to Mr. Ledyard, Mr. Lauterbach declared that he spoke for several important gentlemen in the House of Representatives who were able to do the things which the person who had been telephoning to Mr. Ledyard said could be done.

"When doubt was expressed by Mr. Ledyard as to the truth of such allegations, Mr. Lauterbach, as I recall it, urged Mr. Ledyard to come to Washington or to meet elsewhere in person certain gentlemen high in the House organization, even going so far as to mention the name of the Speaker and the floor leader, and I think one or two other important members of the House."

"I cannot undertake to give you all the details of the conversation, but it is sufficient to say that Mr. Ledyard detailed that conversation to me, and during the next two or three days he had perhaps a half dozen other telephone conversations with the same person in which this person went into even greater detail about how and why he was in a position to grant legislative favors.

"I had never had any particular interest in any of these matters which it was said he influenced or controlled, and therefore I said that I would prefer to have nothing further to do with the matter, and it was dropped. Mr. Ledyard wrote me a letter subsequently in which he put in writing his experience.

"I wish to add that I have never yet seen Mr. Lauterbach except as I have had him pointed out to me to-night. I knew absolutely nothing about this matter except as it has been told to me in this way."

"Are you a member of either of these money committees, the Palo committee or the other one?" asked Senator Reed.

"No," replied Palmer.

"Would you mind telling us more fully what this service was that the mythical Mr. Palmer was represented as being able to perform?" asked Senator Reed.

"Well, Senator," said Mr. Palmer, "that was repeated to me at such great length and in such detail by Mr. Ledyard, who, I think, made arrangements to have his conversations taken down in shorthand so that he has a complete record of them, that I would not like to trust my memory to be accurate about it. The proposition was apparently that the money trust investigations report, which was then pending or then expected, would be shaped to suit certain large financial interests in New York city, that certain prosecutions then in the courts would be moulded to suit the desires of these gentlemen.

"The man who first spoke with Mr. Ledyard seemed to put it on the ground that the powers that be in the Democratic House were anxious that they should have support in various things, that they were anxious to aid all those large interests which otherwise would be offended by the result of the investigations and prosecutions and which were going to be controlled and fixed up in a way that possibly would win their support on various other things."

Palmer accuses Lauterbach.

Throughout the testimony of Mr. Palmer, Mr. Lauterbach has sat beside the press table, his fingers nervously drumming its edge while he fledged with his eyes and stroked his close-

cropped head. A strained look came over his face and he changed color perceptibly as the witness said:

"And the gentleman who appeared at the residence of Mr. Ledyard was Mr. Edward Lauterbach, a member of the bar of New York city.

Mr. Lauterbach was sworn and Chairman Rorion explained to him that it was the understanding that Mr. Lauterbach came voluntarily to make this statement, that it was his own wish that he make this statement and that the committee would reserve the cross-examination of Mr. Lauterbach until after certain other men had had opportunity to give their testimony before the committee.

This Mr. Lauterbach accepted and launched into his statement. He began at the very beginning of his career as a New York lawyer. He told of his political connections as well as those in the financial centres of New York.

Getting into Union Pacific.

Then Mr. Lauterbach told of his first connection with Union Pacific matters. He had been associated with ex-Gov. Hoadley of Ohio, who had been Attorney-General Harmon's selection as Federal counsel in the foreclosure proceedings of Union Pacific nearly twenty years ago. It was at that time that he came in contact with Kuhn, Loeb & Co., and incidentally with Otto Kahn of that firm. He had been counsel for Mr. Kahn's father and he believed that he had the confidence and respect of Mr. Kahn.

Mr. Lauterbach told the committee he had frequently discussed with Mr. Kahn what he deemed to be the mistakes of the Union Pacific's management in buying a controlling interest in the Southern Pacific Railway. He said he had warned them that this purchase and stock ownership constituted an infringement of the Sherman anti-trust law and had tried repeatedly to get Mr. Kahn to see it in this light.

Afterward when the Union Pacific was sued under the anti-trust law and dissolution was sought by the Federal authorities he had warned Mr. Kahn, and Mr. Kahn had said to him that if he had taken his advice the Union Pacific would not have got into this trouble.

He said furthermore that ten years ago he had gone to Mr. Kahn as the representative of the Keene pool in Southern Pacific stock and had made representations to Mr. Kahn that the conduct of Southern Pacific affairs by Union Pacific domination was detrimental to the interests of the minority stockholders constituting the pool.

Issued Warning to Kahn.

At that time also he had warned Mr. Kahn that the Union Pacific ownership was a thing repugnant to the Sherman law. With Senator Foraker for an associate Mr. Lauterbach had brought suit in a Federal court before Judge Lorton, now of the Supreme Court, and Judge Lorton had said that there was much in his argument that this did constitute an evasion of the Sherman law.

Mr. Lauterbach participated on behalf of the late Edward H. Harriman in the proceedings leading up to the assumption of control of the Illinois Central Railroad by Mr. Harriman. He had represented to Mr. Kahn that he had influence in Washington, but he meant that the influence was that which he possessed through his knowledge of conditions surrounding the general problem of transcontinental transportation.

He did not believe Union Pacific was justified in purchasing control of other railways whether or not they were competing lines under the general acceptance of that term.

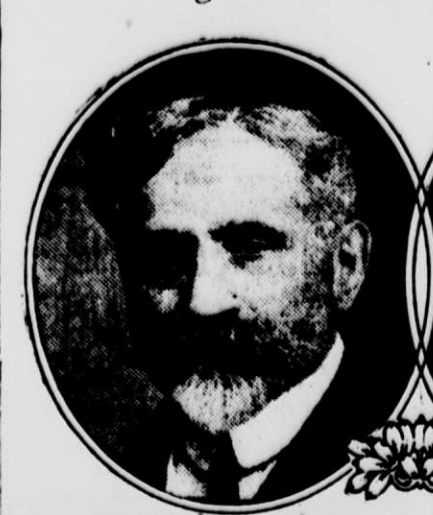
Denied Meeting Rorion.

Mr. Lauterbach denied any connection or relationship with Mr. Rorion, whose name had been mentioned as the go-between last night by Judge Lovett.

"I have had no dealings with Mr. Rorion except to pass the time of day with him at Albany," said the witness. "I have had no dealings with him whatever. I have made no effort to coerce anybody. I don't know people in Washington and was therefore not in a position to accomplish what has been represented in my behalf."

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Figures in the Lobby Hearing



Edward Lauterbach



Daniel J. Rorion

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Man Rorion spoke of the appointment of Lauterbach as counsel to protect certain interests.

"I expressed surprise, but said I would be glad to accept the service," said Mr. Lauterbach.

Mr. Lauterbach testified that his relations with David Lamar had rendered him persona non grata with the house of Morgan.

"Lamar is not looked upon with favor in Wall Street," said Mr. Lauterbach. "In fact, he is regarded with distrust. I have been importuned to have nothing to do with him. I have felt that I suffered loss by continuing him as my client."

Owed gratitude to Lamar.

"The witness went on to say that Lamar had been his friend in former years and he owed him gratitude. I believe the criticisms of Lamar have been unjust," continued Mr. Lauterbach. "The result of my relations with him was that the warm relations that had existed between the house of Morgan and myself seemed to fade away."

I saw Mr. Morgan frequently. He was courteous, made no loans of money, but I wanted it, but there was not the same old feeling that had formerly existed. I felt that it was an unjust situation."

The witness went on to say that he had hoped through his appointment as counsel, as suggested by Mr. Ledyard, that he would regain his good standing with the Morgans.

"I never knew that any one had called up Mr. Rorion in respect to the Morgan matters in any way until one day Mr. Ledyard sent for me," said the witness. "I had heard of a message from Mr. Steele of the Morgan company."

Meeting With Ledyard.

"I met Mr. Ledyard at his house. I was under the impression, I admit, that it was one lawyer and gentleman talking to another lawyer and gentleman. I felt that I could be of service to him. I was not by any means desirous upon any one but by a proper professional attention such as I had given to the Morgan interests time and again in the past and at the time."

We did talk over the situation. I did mention, as he knew, that there were shades of opinion here in Washington, some radical, as led by Mr. Henry, and some more conservative, led by the Congressman from Alabama. He asked me if I would be employed and I said that I would be glad to do so, that it was not a matter of compensation except such as they might desire to give, and I would be glad to be employed. I thought Mr. Henry would be the Attorney-General.

I wanted no compensation except such as they might desire to give, and I would be glad to be employed. I thought Mr. Henry would be the Attorney-General, but it was a mere surmise on my part.

"I told him expressly that no money of any kind, if I were engaged, would be distributed to anybody, or expected to anybody, or used in any unlawful purpose, and of that fact and of the general conversation, and of my statement, I desired no fee except that I desired to again represent the house from which I seemed at the moment to be excluded."

Called to Baker's Home.

"He told me that I should hear from him and I heard nothing until quite recently. Mr. Baker of the First National Bank called me up and asked me to come to his house. Mr. Baker was the next and is now the first great man in Wall Street. He was formerly the second. Mr. Morgan is dead."

"I went over the situation with Mr. Baker. I had been intimately associated with him for many years. I represented his interests. He told me that they had never been better represented, that he had been loyal and faithful, that he understood there was something that I desired to accomplish, and that he would aid me in accomplishing it."

"I said I desired to represent the Morgan interests with others, if necessary, that it was important for me to do it, but that above all I wanted to reestablish the entire cordiality between the house of Morgan and myself. And I had no ulterior motive."

"I think there were general discussions at that time as to what we thought of the spirit of affairs in Washington. Investigations were rife and former methods were properly criticized and a change was taking place in the methods with which corporations were treated, the tariff was being treated in the way in which I understood it was to be treated when I was in the Republic platform, but which had always been disregarded, and so we had general discussions of the subject."

Nothing came of it until one day quite recently Mr. Baker said there was a meeting to take place between all the interests affected to consider the proposition of reestablishing the first manifestation of that was last night. I think the great manifestation of which I had no prior

knowledge, and which I meet on the stand as it is presented, was occurred to-night. I feel that I have been an honorable, honest, straightforward lawyer since 1866, that I have never had an aspiration on my conduct. I believe that it would have been wiser for me to have refrained from any affiliation with Mr. Lamar, particularly professionally and I think, sentimentally. If I had to do it again I should have been wiser. I have a great deal of gratitude that I have been I would do the same thing with the same results.

I have professed no ability to control or control of it, I think it would have been ridiculous in the extreme. I have been known as a partisan Republican, and I have been such steadfastly.

I think the present condition of affairs was a healthy one and I think I could have been of use in properly directing the interests with which I have been connected and with which for some period of time I have been connected. I have a fair practice. I am a poor man in money, but until tonight and last night, I believe I have had an unscathed reputation.

"I have only faintly delineated the nature of public interest with which I have been connected, and I have never heard myself adversely criticized except during the long warfare of burying the wires when there was a good deal of acrimony and passion."

I shall be prepared to be cross-examined at any time. I shall be prepared to meet any other suggestions that may be made in respect to myself and shall have no objection to the efforts that have been made to discredit me will turn out to be abortive. I have nothing more to say. I am ready at this time to answer any questions.

"The Street" Against Him.

Mr. Lauterbach insisted, in reply to questions from Senator Reed, that he had not represented Mr. Lamar in any litigation which involved a clash with the Morgan interests. He said, however, that the fact that Lamar came to his office had apparently prejudiced "the street" against him.

He said that Perkins and Stetson had come to his office one day to persuade him to use his efforts to draw off Lamar in a certain suit of stockholders against the United States Steel Corporation. Mr. Lauterbach said he assured his callers that if Lamar were behind the suit in question, which was then pending in New Jersey, four or five years ago, he was wholly unaware of it.

Mr. Lauterbach said that he had last seen Lamar when the latter, with his wife, child and two nurses, was on the Albany boat on his way to Pittsfield, Mass., where he thought Lamar now was. This was a week ago to-day.

The Union Pacific settlement was spoken of, and he asked Lamar was responsible for the South-Jones Wall Street slips regarding the case, which had appeared that afternoon and which were produced yesterday in evidence by Judge Lovett. He said Lamar replied that he was not responsible for them and knew nothing about them.

Pressed as for his reasons to think Lamar might have had knowledge of the suit, Mr. Lauterbach refused to give any clear explanation. He said that his conversation with Lamar the day before, when the latter visited him in his office, might have led him to think Lamar had something to do with the issuance of the slips.

Lamar, he said, the day before supplied him with a list of holdings of the Union Pacific. This list, he said, was given to him within an hour by Lamar and he supposed that Lamar had got the information from "Poore's Manual."

Reed Questions Lauterbach.

Senator Reed asked Lauterbach if he had noticed that the slips referred to were dated a Chicago date, and not New York. Lauterbach said he had noticed this. The Senator did not press the witness as to why he should have thought Lamar responsible for a slip which bore a Chicago date line.

Pressed further as to why he should have thought that Lamar might have had something to do with the issuance of the slips, Lauterbach said the idea had suggested itself to him because of Lamar's activities in such matters. He did not specify further.

So far as he knew, he said, Lamar had nothing to do with the litigation in the Union Pacific case or with anything pertaining to the litigation.

The witness said he would be loath to accuse any man of being responsible for the telephone conversations testified to by the preceding witnesses, and that he certainly would not charge Lamar with such actions.

When questioned Lauterbach testified that the late J. P. Morgan suggested to him at one time that he endeavor to control "the activities of David Lamar."

Lauterbach said his acquaintance with Lamar started back in the days of the late anthracite strike. Lamar came to him and assured him the coal strike would be fatal to the candidacy of Gov. Odell and introduced Lauterbach to John Mitchell. Lauterbach sent for Odell on the eve of the election.

Senators Platt and Quay met at Platt's office as the result of Lamar's suggestion and with Gov. Odell and representatives of the railroads. From the conference originated the movement by Roosevelt, Root being sent to see the President.

Thus, according to Lauterbach, David Lamar was the moving spirit behind the settlement of the coal strike. Lauterbach added that Lamar brought him business from the late H. H. Rogers, and on account of this Lauterbach had always had a soft spot in his heart for Lamar.

Senator Reed thereupon adjourned the hearing, to meet upon call of the chairman. Lauterbach probably will be recalled for cross-examination later.

LOVETT REPORTS TO BOARD.

Modified Plan for Pacific Dissolution Probably Agreed On.

Judge Robert S. Lovett, chairman of the board of directors of the Union Pacific Railroad Company, presented to the board at a special meeting yesterday the results of his conference in Washington with Attorney-General McReynolds on the dissolution plan believed to have been agreed upon.

"I wanted to make known to the board certain aspects of the situation," said Judge Lovett after the meeting. "The date of expiration of our time for presenting the plan to the court, July 1, is not far off."

The plan that will come before the court, with the approval of the Attorney-General, it is understood, will contain provision for exchange of the \$38,000,000 Southern Pacific stock for \$42,000,000 of the Baltimore and Ohio, owned by Pennsylvania. It is thought that the chief modification of the plan deals with the disposition of the remaining \$88,650,000 Southern Pacific stock. The trusteeship proposed for this in the alternative plan is thought to be acceptable to the Government with modifications, and the Central Trust Company is being most prominently mentioned in Wall Street as the trustee.

It is believed generally that a plan of dissolution will be accepted by the court before July 1 that will avoid the alternative of the receivership for the \$126,650,000 Southern Pacific stock.

MANY PHONE CALLS FOR UNION PACIFIC

David Lamar on Other End of Wire Many Times in Past.

HARRIMAN'S EXPERIENCE

How Lauterbach Paved Way for Visit in Keene's Interest.

Wall Street showed deep interest yesterday in the testimony of Judge Robert S. Lovett, chairman of the board of directors of the Union Pacific Railroad, before the Senate lobby committee on Wednesday night.

The greatest curiosity centred naturally upon the identity of the moving spirit in the alleged conspiracy, the man who used the telephone so freely in mentioning Edward Lauterbach and Congressman Daniel J. Rorion as gentlemen who might smooth the way for the Union Pacific company in the Harriman merger dissolution.

It was recalled in the financial district that this is not the first instance where the telephone has been used freely in connection with Union and Southern Pacific affairs. By an odd coincidence also, a telephone who has made free with the name of Mr. Lauterbach has not confirmed his references exclusively to the New York lawyer.

Other Names Mentioned.

The names of men potent in financial and legislative affairs have come trippingly to his tongue over the telephone on many occasions. Years ago one conjured with the name of the late Russell Sage, Gen. Samuel Thomas and Col. E. C. James, a lawyer, all now dead. No one can say with assurance that the mysterious third party mentioned by Judge Lovett is in any way connected with other telephone spokesmen. In this connection, however, Wall Street recalled some of the circumstances associated with the suit brought against the Southern Pacific and Union Pacific Company by Talbot J. Taylor, acting for the famous Southern Pacific pool, handled by the late James R. Keene.

Mr. Lauterbach represented the pool in the litigation which was instituted against the Union and the Southern Pacific roads to enjoin the former from voting its Southern Pacific holdings. This was back in 1903, but telephone messages had been freely exchanged long prior to that date. The affidavit made by the late E. H. Harriman throws some interesting sidelights on the negotiations for a settlement preceding the joining of the issues. In part it is